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State of Utah

DEPARTMENT OF NATURAL RESOURCES

MICHAEL R. STYLER
Executive Director

Division of Oil, Gas and Mining

JOHN R. BAZA
Division Director

April 8, 2016

Kirt Tatton, General Manager
Canyon Fuel Company, LLC
P.O. Box 1029
Wellington, Utah 84542

Subject: Completion of Midterm Review, Task ID #5078, Canyon Fuel Company, LLC,
Banning Siding Loadout, C/007/0034

Dear Mr. Tatton:

On February 5, 2016, Canyon Fuel Company, LLC was informed that the Division of Oil, Gas and Mining (the Division) had commenced a midterm permit review for the Banning Siding Loadout.

The midterm review has now been completed and will now be closed; however, the Division has identified deficiencies that must be addressed. The deficiencies have been included with this letter (See Attached). The name of the author for each of the respective deficiencies has been provided.

Your response to these deficiencies will need to be submitted as an amendment to your MRP and will be processed as a separate task. Please submit the required amendment with the accompanying C1 and C2 forms by no later than May 13, 2016.

If you have any questions regarding these requirements or the Midterm Review process, please don't hesitate to call me at (801) 538-5325 or the Lisa Reinhart at (801) 538-5437.

Sincerely,

Daron R. Haddock
Coal Program Manager

DRH/LR/sqs
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Technical Analysis and Findings

Utah Coal Regulatory Program

PID: C0070034
TaskID: 5078
Mine Name: BANNING SIDING LOADOUT
Title: MIDTERM PERMIT REVIEW

General Contents

Violation Information

Deficiencies Details:

The Permit does not meet R645-301-113 requirements for Violation Information.

R645-301-113: The Permittee must submit to the Division proof that the current violations discussed in the analysis of this section have been or are in the process of being corrected. The Permittee must update Chapter 1, Section 113, page 1-6 and Table 1-2 to include recent violations discussed in the analysis of this section.

Ireinhardt

Environmental Resource Information

Fish and Wildlife Resource Information

Deficiencies Details:

The MRP does not meet the minimum requirements of R645-301-322. The Permittee must update Ch. 3 of the MRP to include current Threatened, Endangered, Candidate, and Utah Sensitive Species. Table 3-1 must be replaced or updated to include current listed species (available from Division Biologist). Appendix 3-5 must be updated to include evidence of recent consultation (available from Division Biologist).

The Permittee must provide adequate information to determine if annual water depletions are greater than 100 A.F. If depletions are greater than 100 A.F., the Permittee must comply with the Recovery Program and pay the one-time fee. If this fee was previously paid, the Permittee must provide evidence of such and incorporate that information into the MRP.

R645-301-333 If the Permittee discovers a State Sensitive or Threatened or Endangered Species occupies habitat within the project area, the Permittee must provide protection and enhancement measures for that species.

Ireinhardt

Operation Plan

Mining Operations and Facilities

Deficiencies Details:

R645-301-121.200: The Permittee will amend the narrative to clarify that the substation has been approved for a change in post mining land use and is no longer under the Permittee's obligation to reclaim in Chapter 5 page 5-27 and add narrative describing the haul road and tracks that will also remain post reclamation of the loadout area.

cparker

Road System Other Transportation Facilities

Deficiencies Details:

R645-301-121.200, R645-301-521.170: The permittee will add text clarifying what portions of the tracks will remain post reclamation.

cparker

Spoil Waste Impounding Structures

Deficiencies Details:

R645-301-121.200: The Permittee will amend the narrative of Chapter 5 Section R645-301-533.200 on page 5-38 to clarify that the single impoundment at the site is not temporary and will remain post reclamation.

cparker

Support Facilities and Utility Installations

Deficiencies Details:

R645-301-121.200, R645-301-526.110: The Permittee will change the text of the last paragraph in Chapter 5 Section R645-301-526.110 page 5-27 to state that the substation was approved for retention for the updated post mining land use, as shown on Exhibit 5-2R.

cparker

Reclamation Plan

General Requirements

Deficiencies Details:

R645-301-212.200, R645-301-542: The Permittee will amend all relevant Chapter 5 sections of the MRP to reference reclamation scenario Exhibit 5-6a.

cparker

Topsoil and Subsoil

Deficiencies Details:

R645-301-242.120, Page 3-10 of the MRP describes ripping and discing until the soil clods measure less than 1 inch in diameter. Discing created a powdery surface that compounded the impervious nature of alkaline clay soils. The practice of discing should be removed from the reclamation plan.

pburton

Road System Retention

Deficiencies Details:

R645-301-534: The Permittee will amend the narrative of Chapter 5 Section R645-301-534.100 to clarify what portions of the operational roadways will remain post reclamation of the site.

cparker

Stabilization of Surface Areas

Deficiencies Details:

R645-301-244, The seed mix is deficient in native forb species and has only one warm season grass species. Research has shown that an increase in diversity of cover on the soil surface leads to faster re-establishment of the microbial environment that is necessary for development of soil aggregation and pore space, which is critical in alkaline/sodic environments. The Permittee should work with the Division to refine the seed mix to include additional warm season grasses and more forbes.

pburton

Bonding Determination of Amount

Deficiencies Details:

R645-301-830.140: The Permittee shall provide updated line item 2016 reclamation costs for all computations sheets (demolition, earthwork, and revegetation). The total reclamation cost must then be escalated five years utilizing an escalation factor of 0.7% to determine the required bond amount in 2021 dollars.

rmedina